

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 7728

BILL NUMBER: SB 484

NOTE PREPARED: Jan 14, 2003

BILL AMENDED:

SUBJECT: FAIR Insurance for Farm Property.

FIRST AUTHOR: Sen. Skillman

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: **GENERAL**
 DEDICATED
 FEDERAL

IMPACT: No Fiscal Impact

Summary of Legislation: This bill requires a Fair Access to Insurance Requirements (FAIR) plan to provide coverage for residential structures and outbuildings on farm property in Indiana.

Effective Date: July 1, 2003.

Explanation of State Expenditures:

Background: The Indiana Basic Property Insurance Underwriting Association (FAIR Plan) is a voluntary organization. This Association was formed in 1968 and is the insurer of last resort in the state. The original basis for the FAIR plan was to provide insurance coverage to urban property holders who could not obtain insurance from traditional insurers. Policies are written by the policy carrier for the Association. If total pay outs exceed premiums written for a year, the excess amount is charged back to members in the form of an assessment. The amount charged is prorated based upon the volume of standard property insurance written by the insurer in Indiana. For the Association fiscal year ending September 30, 2002, the Association wrote \$1.3 M in premium coverage and assessed members \$374,000 to cover shortages for 2002.

Under the provisions of this bill the Association would be required to offer real and tangible personal property coverage for residential structures and outbuildings on farm property. The Association does not currently provide all of these coverages. Under the current Association operating structure, Association members would have to vote to approve a plan to offer this coverage. The Association could not legally persist if members voted against offering this coverage under the current business operations of the Association.

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected:

Local Agencies Affected:

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